

**Buy** (old: Buy)

**Price target: EUR 28.50** (old: EUR 28.50)

**Price:** EUR 22.38      **Next result:** Q1'19: tba  
**Bloomberg:** SANT@GR      **Market cap:** EUR 1,473.8 m  
**Reuters:** SANT1.DE      **Enterprise Value:** EUR 1,435.7 m

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## CC Feedback: strong design wins, FY'19E guidance with upside

**Topic:** Few surprises in the final FY'18 results as prelims were already known. What's new: FY'18 EBITDA of € 90m once again outperformed expectations and the guidance of c. € 88m (raised in Nov. 18 from >€ 80m). Net income of € 45m and CFO of € 36m both missed eH&A of € 50m / € 59m. Reasons: slightly higher-than-expected taxes, minorities, and w/c. The latter was burdened by a € 10m client payment pushed into Q1 due to a regulatory money laundering review.

Importantly, **management left a bullish impression during the CC** focusing on current trading, the FY'19E outlook and mid-term prospects, Key insights:

- **Strong Q1 design win activity** benefitting above all IoT solutions (40% of sales). Evidently, current trading remains healthy thanks to **S&T's leading-edge technology portfolio** geared towards efficiency improvements for clients. Key wins include a leading Asian airline, a US transportation network company and a German automotive player. Importantly, S&T's new IoT data processing solution SUSiEtec, which should be high-margin (eH&A: 25% EBITDA), is off to a strong start with already 50+ design wins. Meanwhile, S&T has won a € 10m+ Smart Meter contract; design wins look set to accelerate with the pending launch of the new cloud-ready Smart Meter (Foxconn co-op).
- **FY'19E guidance with upside – focus on Embedded Systems (ES):** In ES (20% of sales), S&T is actively phasing out low-margin projects and focusing more strongly on software. Success is already becoming evident: the gross margin generated with a key client has gone up from <20% to 40% with the latest product generation. This strategy should drive up the segment EBITDA margin to 10%+ within two years (incl. in eH&A) from 7% currently. Together with strong growth in high-margin IoT, progress in ES is main reason why we see **upside to the FY'19E EBITDA guidance** (€ 107m EBITDA / € 100m+ guidance). Note that this has by now been accounted for by eCons (€ 106m EBITDA).
- **News flow:** Management is in discussions with five potential M&A targets and expects to close at least two deals this year (not included in guidance or eH&A). Targets have revenues of above € 100m, are mostly active in IoT and are profitable. Management has proven they are savvy M&A investors; a potential deal would hence be an incremental positive. Financing through cash on hand.

**Reiterate BUY with an unch. € 28.50 PT** in light of S&T's strong footing in structurally growing IoT markets, the predictable margin improvement potential due to the software focus, and expected upside to the FY'19E guidance.

Y/E 31.12 (EUR m)	2015	2016	2017	2018	2019E	2020E	2021E
Sales	468.2	503.7	882.0	990.9	1,115.6	1,227.2	1,343.7
Sales growth	21 %	8 %	75 %	12 %	13 %	10 %	10 %
EBITDA	28.4	34.4	68.1	90.5	107.1	127.0	151.2
EBIT	20.6	24.1	41.7	61.5	83.6	102.5	124.7
Net income	15.8	14.6	22.5	45.0	68.9	85.5	106.2
Net debt	-9.4	-32.0	-101.8	-52.7	-87.5	-136.5	-202.8
Net gearing	-9.4 %	-20.7 %	-33.4 %	-14.8 %	-21.1 %	-27.9 %	-34.9 %
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EPS pro forma	0.36	0.30	0.51	0.68	1.04	1.29	1.61
CPS	0.50	1.12	0.52	0.35	0.95	1.15	1.48
DPS	0.08	0.10	0.13	0.16	0.17	0.21	0.26
Dividend yield	0.4 %	0.4 %	0.6 %	0.7 %	0.8 %	0.9 %	1.2 %
Gross profit margin	34.3 %	33.9 %	36.7 %	36.0 %	36.5 %	37.1 %	37.8 %
EBITDA margin	6.1 %	6.8 %	7.7 %	9.1 %	9.6 %	10.4 %	11.3 %
EBIT margin	4.4 %	4.8 %	4.7 %	6.2 %	7.5 %	8.4 %	9.3 %
ROCE	13.8 %	8.8 %	9.4 %	11.9 %	14.7 %	16.9 %	18.0 %
EV/sales	2.0	2.1	1.5	1.4	1.3	1.1	1.0
EV/EBITDA	33.8	30.7	19.6	15.9	13.1	10.6	8.5
EV/EBIT	46.5	43.7	32.0	23.3	16.8	13.2	10.3
PER	62.1	73.8	43.7	32.8	21.4	17.2	13.9
Adjusted FCF yield	2.2 %	2.0 %	3.3 %	4.7 %	6.2 %	7.5 %	9.7 %

Source: Company data, Hauck & Aufhäuser Close price as of: 28.03.2019



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 27.30 / 17.85  
**Price/Book Ratio:** 4.2  
**Relative performance (TecDAX):**  
3 months -  
6 months -  
12 months 3.8 %

### Changes in estimates

		Sales	EBIT	EPS
<b>2019</b>		1,115.6	83.6	1.10
<b>2020</b>	<i>old:</i>	1,227.1	102.5	1.36
	Δ			
<b>2021</b>	<i>old:</i>	1,349.8	125.4	1.69
	Δ			

### Key share data:

Number of shares: (in m pcs) 66.1  
Authorised capital: (in € m) 12.1  
Book value per share: (in €) 5.4  
Ø trading volume: (12 months) 60,000

### Major shareholders:

Free Float 64.0 %  
Ennoconn 26.4 %  
AGI 3.9 %  
JP Morgan 3.9 %  
CEO (incl. in Free Float) 1.9 %

### Company description:

S&T combines an IT system house business with a portfolio of security appliances targeting Cloud Computing applications.

Financials

Profit and loss (EUR m)	2015	2016	2017	2018	2019E	2020E	2021E
<b>Net sales</b>	<b>468.2</b>	<b>503.7</b>	<b>882.0</b>	<b>990.9</b>	<b>1,115.6</b>	<b>1,227.2</b>	<b>1,343.7</b>
<i>Sales growth</i>	21.4 %	7.6 %	75.1 %	12.3 %	12.6 %	10.0 %	9.5 %
Increase/decrease in finished goods and work-in-process	2.7	2.8	13.4	15.1	11.2	12.3	13.4
<b>Total sales</b>	<b>470.9</b>	<b>506.5</b>	<b>895.3</b>	<b>1,006.0</b>	<b>1,126.8</b>	<b>1,239.4</b>	<b>1,357.2</b>
Other operating income	6.3	6.1	8.5	7.5	4.5	4.3	4.7
Material expenses	309.3	334.8	567.0	644.3	715.1	779.2	843.9
Personnel expenses	89.5	93.5	179.4	194.6	215.3	235.6	256.7
Other operating expenses	50.0	50.0	89.4	84.0	93.7	101.9	110.2
Total operating expenses	442.6	472.1	827.3	915.4	1,019.7	1,112.4	1,206.0
<b>EBITDA</b>	<b>28.4</b>	<b>34.4</b>	<b>68.1</b>	<b>90.5</b>	<b>107.1</b>	<b>127.0</b>	<b>151.2</b>
Depreciation	7.7	10.3	7.4	29.0	10.5	11.5	13.0
<b>EBITA</b>	<b>20.6</b>	<b>24.1</b>	<b>60.7</b>	<b>61.5</b>	<b>96.6</b>	<b>115.5</b>	<b>138.2</b>
Amortisation of goodwill	0.0	0.0	0.0	n/a	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	18.9	n/a	13.0	13.0	13.5
Impairment charges	0.0	0.0	0.0	n/a	0.0	0.0	0.0
<b>EBIT (inc revaluation net)</b>	<b>20.6</b>	<b>24.1</b>	<b>41.7</b>	<b>61.5</b>	<b>83.6</b>	<b>102.5</b>	<b>124.7</b>
Interest income	0.3	0.3	0.6	1.0	0.6	0.8	1.5
Interest expenses	3.0	4.4	6.9	6.2	7.6	8.2	8.2
Other financial result	0.5	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-2.2	-4.0	-6.4	-5.2	-7.0	-7.5	-6.7
<b>Recurring pretax income from continuing operations</b>	<b>18.4</b>	<b>20.1</b>	<b>35.4</b>	<b>56.3</b>	<b>76.6</b>	<b>95.0</b>	<b>118.0</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>18.4</b>	<b>20.1</b>	<b>35.4</b>	<b>56.3</b>	<b>76.6</b>	<b>95.0</b>	<b>118.0</b>
Taxes	0.8	-0.3	6.0	7.9	7.7	9.5	11.8
<b>Net income from continuing operations</b>	<b>17.6</b>	<b>20.4</b>	<b>29.4</b>	<b>48.5</b>	<b>68.9</b>	<b>85.5</b>	<b>106.2</b>
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>17.6</b>	<b>20.4</b>	<b>29.4</b>	<b>48.5</b>	<b>68.9</b>	<b>85.5</b>	<b>106.2</b>
Minority interest	1.8	5.8	6.9	3.5	0.0	0.0	0.0
<b>Net profit (reported)</b>	<b>15.8</b>	<b>14.6</b>	<b>22.5</b>	<b>45.0</b>	<b>68.9</b>	<b>85.5</b>	<b>106.2</b>
Average number of shares	43.5	44.2	52.5	66.1	66.1	66.1	66.1
<b>EPS reported</b>	<b>0.36</b>	<b>0.33</b>	<b>0.43</b>	<b>0.68</b>	<b>1.04</b>	<b>1.29</b>	<b>1.61</b>

Profit and loss (common size)	2015	2016	2017	2018	2019E	2020E	2021E
<b>Net sales</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
Increase/decrease in finished goods and work-in-process	0.6 %	0.6 %	1.5 %	1.5 %	1.0 %	1.0 %	1.0 %
<b>Total sales</b>	<b>100.6 %</b>	<b>100.6 %</b>	<b>101.5 %</b>	<b>101.5 %</b>	<b>101.0 %</b>	<b>101.0 %</b>	<b>101.0 %</b>
Other operating income	1.3 %	1.2 %	1.0 %	0.8 %	0.4 %	0.4 %	0.4 %
Material expenses	66.1 %	66.5 %	64.3 %	65.0 %	64.1 %	63.5 %	62.8 %
Personnel expenses	19.1 %	18.6 %	20.3 %	19.6 %	19.3 %	19.2 %	19.1 %
Other operating expenses	10.7 %	9.9 %	10.1 %	8.5 %	8.4 %	8.3 %	8.2 %
Total operating expenses	94.5 %	93.7 %	93.8 %	92.4 %	91.4 %	90.7 %	89.8 %
<b>EBITDA</b>	<b>6.1 %</b>	<b>6.8 %</b>	<b>7.7 %</b>	<b>9.1 %</b>	<b>9.6 %</b>	<b>10.4 %</b>	<b>11.3 %</b>
Depreciation	1.7 %	2.0 %	0.8 %	2.9 %	0.9 %	0.9 %	1.0 %
<b>EBITA</b>	<b>4.4 %</b>	<b>4.8 %</b>	<b>6.9 %</b>	<b>6.2 %</b>	<b>8.7 %</b>	<b>9.4 %</b>	<b>10.3 %</b>
Amortisation of goodwill	0.0 %	0.0 %	0.0 %	n/a	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	0.0 %	0.0 %	2.1 %	n/a	1.2 %	1.1 %	1.0 %
Impairment charges	0.0 %	0.0 %	0.0 %	n/a	0.0 %	0.0 %	0.0 %
<b>EBIT (inc revaluation net)</b>	<b>4.4 %</b>	<b>4.8 %</b>	<b>4.7 %</b>	<b>6.2 %</b>	<b>7.5 %</b>	<b>8.4 %</b>	<b>9.3 %</b>
Interest income	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %
Interest expenses	0.6 %	0.9 %	0.8 %	0.6 %	0.7 %	0.7 %	0.6 %
Other financial result	0.1 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial result	neg.	neg.	neg.	neg.	neg.	neg.	neg.
<b>Recurring pretax income from continuing operations</b>	<b>3.9 %</b>	<b>4.0 %</b>	<b>4.0 %</b>	<b>5.7 %</b>	<b>6.9 %</b>	<b>7.7 %</b>	<b>8.8 %</b>
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Earnings before taxes</b>	<b>3.9 %</b>	<b>4.0 %</b>	<b>4.0 %</b>	<b>5.7 %</b>	<b>6.9 %</b>	<b>7.7 %</b>	<b>8.8 %</b>
Tax rate	4.3 %	-1.6 %	17.0 %	14.0 %	10.0 %	10.0 %	10.0 %
<b>Net income from continuing operations</b>	<b>3.8 %</b>	<b>4.1 %</b>	<b>3.3 %</b>	<b>4.9 %</b>	<b>6.2 %</b>	<b>7.0 %</b>	<b>7.9 %</b>
Income from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Net income</b>	<b>3.8 %</b>	<b>4.1 %</b>	<b>3.3 %</b>	<b>4.9 %</b>	<b>6.2 %</b>	<b>7.0 %</b>	<b>7.9 %</b>
Minority interest	0.4 %	1.2 %	0.8 %	0.4 %	0.0 %	0.0 %	0.0 %
<b>Net profit (reported)</b>	<b>3.4 %</b>	<b>2.9 %</b>	<b>2.6 %</b>	<b>4.5 %</b>	<b>6.2 %</b>	<b>7.0 %</b>	<b>7.9 %</b>

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2015	2016	2017	2018	2019E	2020E	2021E
<b>Intangible assets</b>	<b>72.8</b>	<b>183.2</b>	<b>189.9</b>	<b>207.6</b>	<b>208.0</b>	<b>209.1</b>	<b>210.4</b>
Property, plant and equipment	15.2	27.5	31.9	37.1	43.9	50.8	57.2
Financial assets	3.1	12.1	17.6	0.3	0.3	0.3	0.3
<b>FIXED ASSETS</b>	<b>91.0</b>	<b>222.8</b>	<b>239.4</b>	<b>244.9</b>	<b>252.1</b>	<b>260.1</b>	<b>267.9</b>
Inventories	28.7	84.9	104.0	130.8	146.8	161.5	176.8
Accounts receivable	86.4	168.6	172.4	202.7	228.2	251.0	274.8
Other current assets	36.7	41.5	43.5	68.0	69.7	71.5	73.3
Liquid assets	60.3	125.6	216.9	171.8	227.1	276.1	342.4
Deferred taxes	15.9	25.4	28.6	29.8	29.8	29.8	29.8
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>CURRENT ASSETS</b>	<b>228.0</b>	<b>445.9</b>	<b>565.5</b>	<b>603.0</b>	<b>701.6</b>	<b>789.8</b>	<b>897.1</b>
<b>TOTAL ASSETS</b>	<b>319.1</b>	<b>668.7</b>	<b>804.9</b>	<b>847.9</b>	<b>953.7</b>	<b>1,050.0</b>	<b>1,165.0</b>
<b>SHAREHOLDERS EQUITY</b>	<b>99.8</b>	<b>154.0</b>	<b>305.1</b>	<b>356.0</b>	<b>414.3</b>	<b>488.6</b>	<b>580.8</b>
MINORITY INTEREST	2.4	87.0	26.7	11.3	11.3	11.3	11.3
Long-term debt	28.1	74.2	68.7	79.4	100.0	100.0	100.0
Provisions for pensions and similar obligations	2.5	11.6	21.2	14.6	14.8	14.9	15.0
Other provisions	6.0	39.1	36.7	28.0	28.8	29.7	30.6
<b>Non-current liabilities</b>	<b>36.5</b>	<b>124.8</b>	<b>126.6</b>	<b>122.0</b>	<b>143.6</b>	<b>144.6</b>	<b>145.7</b>
short-term liabilities to banks	22.9	19.5	46.4	39.6	39.6	39.6	39.6
Accounts payable	70.1	134.3	154.9	177.0	199.2	219.2	240.0
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	85.9	143.7	135.6	129.4	133.3	133.3	133.3
Deferred taxes	1.4	5.4	9.5	12.6	12.4	13.4	14.3
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Current liabilities</b>	<b>180.3</b>	<b>302.8</b>	<b>346.4</b>	<b>358.6</b>	<b>384.6</b>	<b>405.5</b>	<b>427.2</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>319.1</b>	<b>668.7</b>	<b>804.9</b>	<b>847.9</b>	<b>953.7</b>	<b>1,050.0</b>	<b>1,165.0</b>

Balance sheet (common size)	2015	2016	2017	2018	2019E	2020E	2021E
<b>Intangible assets</b>	<b>22.8 %</b>	<b>27.4 %</b>	<b>23.6 %</b>	<b>24.5 %</b>	<b>21.8 %</b>	<b>19.9 %</b>	<b>18.1 %</b>
Property, plant and equipment	4.7 %	4.1 %	4.0 %	4.4 %	4.6 %	4.8 %	4.9 %
Financial assets	1.0 %	1.8 %	2.2 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>FIXED ASSETS</b>	<b>28.5 %</b>	<b>33.3 %</b>	<b>29.7 %</b>	<b>28.9 %</b>	<b>26.4 %</b>	<b>24.8 %</b>	<b>23.0 %</b>
Inventories	9.0 %	12.7 %	12.9 %	15.4 %	15.4 %	15.4 %	15.2 %
Accounts receivable	27.1 %	25.2 %	21.4 %	23.9 %	23.9 %	23.9 %	23.6 %
Other current assets	11.5 %	6.2 %	5.4 %	8.0 %	7.3 %	6.8 %	6.3 %
Liquid assets	18.9 %	18.8 %	27.0 %	20.3 %	23.8 %	26.3 %	29.4 %
Deferred taxes	5.0 %	3.8 %	3.6 %	3.5 %	3.1 %	2.8 %	2.6 %
Deferred charges and prepaid expenses	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>CURRENT ASSETS</b>	<b>71.5 %</b>	<b>66.7 %</b>	<b>70.3 %</b>	<b>71.1 %</b>	<b>73.6 %</b>	<b>75.2 %</b>	<b>77.0 %</b>
<b>TOTAL ASSETS</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
<b>SHAREHOLDERS EQUITY</b>	<b>31.3 %</b>	<b>23.0 %</b>	<b>37.9 %</b>	<b>42.0 %</b>	<b>43.4 %</b>	<b>46.5 %</b>	<b>49.9 %</b>
MINORITY INTEREST	0.8 %	13.0 %	3.3 %	1.3 %	1.2 %	1.1 %	1.0 %
Long-term debt	8.8 %	11.1 %	8.5 %	9.4 %	10.5 %	9.5 %	8.6 %
Provisions for pensions and similar obligations	0.8 %	1.7 %	2.6 %	1.7 %	1.5 %	1.4 %	1.3 %
Other provisions	1.9 %	5.8 %	4.6 %	3.3 %	3.0 %	2.8 %	2.6 %
<b>Non-current liabilities</b>	<b>11.5 %</b>	<b>18.7 %</b>	<b>15.7 %</b>	<b>14.4 %</b>	<b>15.1 %</b>	<b>13.8 %</b>	<b>12.5 %</b>
short-term liabilities to banks	7.2 %	2.9 %	5.8 %	4.7 %	4.2 %	3.8 %	3.4 %
Accounts payable	22.0 %	20.1 %	19.2 %	20.9 %	20.9 %	20.9 %	20.6 %
Advance payments received on orders	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other liabilities (incl. from lease and rental contracts)	26.9 %	21.5 %	16.9 %	15.3 %	14.0 %	12.7 %	11.4 %
Deferred taxes	0.5 %	0.8 %	1.2 %	1.5 %	1.3 %	1.3 %	1.2 %
Deferred income	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Current liabilities</b>	<b>56.5 %</b>	<b>45.3 %</b>	<b>43.0 %</b>	<b>42.3 %</b>	<b>40.3 %</b>	<b>38.6 %</b>	<b>36.7 %</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>

Source: Company data, Hauck & Aufhäuser

Cash flow statement (EUR m)	2015	2016	2017	2018	2019E	2020E	2021E
Net profit/loss	17.6	20.4	29.4	48.5	68.9	85.5	106.2
Depreciation of fixed assets (incl. leases)	7.7	10.3	7.4	29.9	10.5	11.5	13.0
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	18.9	0.0	13.0	13.0	13.5
Others	-5.2	-1.9	-13.6	-17.7	2.8	0.3	0.1
Cash flow from operations before changes in w/c	20.2	28.9	42.1	60.7	95.3	110.4	132.8
Increase/decrease in inventory	1.3	9.3	-17.9	-4.1	-16.0	-14.7	-15.3
Increase/decrease in accounts receivable	9.2	-1.5	5.5	-23.1	-25.5	-22.8	-23.8
Increase/decrease in accounts payable	-4.1	20.3	15.2	2.1	22.3	19.9	20.8
Increase/decrease in other working capital positions	0.0	4.4	0.0	0.0	0.0	0.0	0.0
Increase/decrease in working capital	6.5	32.5	2.8	-25.1	-19.3	-17.6	-18.4
<b>Cash flow from operating activities</b>	<b>26.7</b>	<b>61.4</b>	<b>44.9</b>	<b>35.5</b>	<b>76.0</b>	<b>92.8</b>	<b>114.5</b>
CAPEX	9.5	9.3	23.0	25.1	30.7	32.5	34.3
Payments for acquisitions	0.4	59.2	11.5	39.6	0.0	0.0	0.0
Financial investments	0.6	4.3	5.7	-0.5	0.0	0.0	0.0
Income from asset disposals	0.9	-0.9	1.2	1.1	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-9.6</b>	<b>-73.6</b>	<b>-39.1</b>	<b>-63.1</b>	<b>-30.7</b>	<b>-32.5</b>	<b>-34.3</b>
Cash flow before financing	17.1	-12.2	5.8	-27.6	45.3	60.3	80.2
Increase/decrease in debt position	6.1	39.8	28.8	1.2	20.6	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	44.0	86.9	2.2	0.0	0.0	0.0
Dividends paid	3.1	3.5	4.9	8.3	10.6	11.2	13.9
Others	-3.8	-8.5	-17.7	-15.9	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.5	0.0	-2.0	0.3	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>-0.7</b>	<b>71.8</b>	<b>93.1</b>	<b>-20.9</b>	<b>10.0</b>	<b>-11.2</b>	<b>-13.9</b>
Increase/decrease in liquid assets	16.8	59.5	97.0	-48.2	55.3	49.0	66.3
<b>Liquid assets at end of period</b>	<b>60.3</b>	<b>125.6</b>	<b>216.9</b>	<b>171.8</b>	<b>227.1</b>	<b>276.1</b>	<b>342.4</b>

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2015	2016	2017	2018	2019E	2020E	2021E
Domestic	52.4	60.1	57.3	59.5	61.4	67.5	73.9
yoy change	-19.5 %	14.8 %	-4.6 %	3.7 %	3.2 %	10.0 %	9.5 %
Rest of Europe	184.3	166.3	247.0	277.4	312.4	331.3	362.8
yoy change	-42.5 %	-9.8 %	48.5 %	12.3 %	12.6 %	6.1 %	9.5 %
NAFTA	n/a	n/a	n/a	n/a	n/a	n/a	n/a
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Asia Pacific	n/a	n/a	n/a	n/a	n/a	n/a	n/a
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Rest of world	231.5	277.3	577.7	654.0	741.9	828.3	907.0
yoy change	n/a	19.8 %	108.3 %	13.2 %	13.4 %	11.7 %	9.5 %
<b>TTL</b>	<b>468.2</b>	<b>503.7</b>	<b>882.0</b>	<b>990.9</b>	<b>1,115.6</b>	<b>1,227.2</b>	<b>1,343.7</b>
yoy change	21.4 %	7.6 %	75.1 %	12.3 %	12.6 %	10.0 %	9.5 %

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2015	2016	2017	2018	2019E	2020E	2021E
<b>P&amp;L growth analysis</b>							
Sales growth	21.4 %	7.6 %	75.1 %	12.3 %	12.6 %	10.0 %	9.5 %
EBITDA growth	23.9 %	21.3 %	97.9 %	33.0 %	18.3 %	40.3 %	41.2 %
EBIT growth	24.1 %	16.9 %	73.1 %	47.3 %	35.9 %	66.7 %	49.1 %
EPS growth	15.3 %	-9.3 %	29.9 %	58.9 %	53.2 %	90.1 %	54.1 %
<b>Efficiency</b>							
Total operating costs / sales	94.5 %	93.7 %	93.8 %	92.4 %	91.4 %	90.7 %	89.8 %
Sales per employee	209.9	223.6	306.0	254.1	258.2	282.5	306.3
EBITDA per employee	12.7	15.3	23.6	23.2	24.8	29.2	34.5
<b>Balance sheet analysis</b>							
Avg. working capital / sales	10.3 %	16.3 %	13.6 %	14.0 %	14.9 %	14.2 %	14.4 %
Inventory turnover (sales/inventory)	16.3	5.9	8.5	7.6	7.6	7.6	7.6
Trade debtors in days of sales	67.4	122.2	71.3	74.6	74.6	74.6	74.6
A/P turnover [(A/P*365)/sales]	54.6	97.3	64.1	65.2	65.2	65.2	65.2
Cash conversion cycle (days)	18.6	68.3	38.6	48.5	47.9	47.6	47.3
<b>Cash flow analysis</b>							
Free cash flow	17.2	52.1	21.9	10.4	45.3	60.3	80.2
Free cash flow/sales	3.7 %	10.3 %	2.5 %	1.1 %	4.1 %	4.9 %	6.0 %
FCF / net profit	108.6 %	357.3 %	97.3 %	23.2 %	65.7 %	70.5 %	75.5 %
Capex / depn	130.9 %	131.5 %	109.2 %	82.3 %	130.5 %	132.7 %	129.3 %
Capex / maintenance capex	n/a	0.0 %	145.7 %	n/a	133.0 %	110.9 %	117.4 %
Capex / sales	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Security</b>							
Net debt	-9.4	-32.0	-101.8	-52.7	-87.5	-136.5	-202.8
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net debt / equity	neg.	neg.	neg.	neg.	neg.	neg.	neg.
Interest cover	6.9	5.5	6.0	10.0	11.0	12.4	15.1
Dividend payout ratio	21.9 %	33.1 %	36.6 %	23.5 %	16.3 %	16.3 %	16.3 %
<b>Asset utilisation</b>							
Capital employed turnover	2.9	1.3	1.7	1.9	1.8	1.8	1.7
Operating assets turnover	7.8	3.4	5.7	5.1	5.1	5.0	5.0
Plant turnover	30.9	18.3	27.7	26.7	25.4	24.2	23.5
Inventory turnover (sales/inventory)	16.3	5.9	8.5	7.6	7.6	7.6	7.6
<b>Returns</b>							
ROCE	13.8 %	8.8 %	9.4 %	11.9 %	14.7 %	16.9 %	18.0 %
ROE	15.9 %	9.5 %	7.4 %	12.6 %	16.6 %	17.5 %	18.3 %
<b>Other</b>							
Interest paid / avg. debt	6.5 %	6.0 %	6.6 %	5.3 %	5.9 %	6.4 %	5.9 %
No. employees (average)	2230	2252	2882	3900	4322	4343	4387
Number of shares	43.5	44.2	52.5	66.1	66.1	66.1	66.1
DPS	0.1	0.1	0.1	0.2	0.2	0.2	0.3
EPS reported	0.36	0.33	0.43	0.68	1.04	1.29	1.61
<b>Valuation ratios</b>							
P/BV	9.9	7.0	4.6	4.1	3.6	3.0	2.5
EV/sales	2.0	2.1	1.5	1.4	1.3	1.1	1.0
EV/EBITDA	33.8	30.7	19.6	15.9	13.1	10.6	8.5
EV/EBITA	46.5	43.7	22.0	23.3	14.5	11.7	9.3
EV/EBIT	46.5	43.7	32.0	23.3	16.8	13.2	10.3
EV/FCF	55.7	20.3	60.9	137.6	30.9	22.4	16.0
Adjusted FCF yield	2.2 %	2.0 %	3.3 %	4.7 %	6.2 %	7.5 %	9.7 %
Dividend yield	0.4 %	0.4 %	0.6 %	0.7 %	0.8 %	0.9 %	1.2 %

Source: Company data, Hauck & Aufhäuser

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Company	Disclosure
S&T AG	3

**Historical target price and rating changes for S&T AG in the last 12 months**

**Price and Rating History  
S&T AG as of 01/04/19**

Initiation coverage  
30-May-12



Company	Date	Analyst	Rating	Target price	Close
S&T AG	10.01.2019	Wunderlich, CFA, Tim	Buy	EUR 28,50	EUR 17,85
	17.09.2018	Wunderlich, CFA, Tim	Buy	EUR 28,50	EUR 26,92
	03.09.2018	Wunderlich, CFA, Tim	Buy	EUR 28,50	EUR 25,16
	28.08.2018	Wunderlich, CFA, Tim	Buy	EUR 28,50	EUR 25,16
	07.08.2018	Wunderlich, CFA, Tim	Buy	EUR 28,50	EUR 25,84
	31.07.2018	Wunderlich, CFA, Tim	Buy	EUR 28,50	EUR 24,30

10.07.2018	Wunderlich, CFA, Tim	Buy	EUR 24,00	EUR 23,28
03.07.2018	Wunderlich, CFA, Tim	Buy	EUR 24,00	EUR 21,62
07.06.2018	Wunderlich, CFA, Tim	Buy	EUR 24,00	EUR 20,10
07.05.2018	Wunderlich, CFA, Tim	Buy	EUR 24,00	EUR 23,20
02.05.2018	Wunderlich, CFA, Tim	Buy	EUR 24,00	EUR 22,14
11.04.2018	Wunderlich, CFA, Tim	Buy	EUR 24,00	EUR 19,45
03.04.2018	Wunderlich, CFA, Tim	Buy	EUR 24,00	EUR 18,66

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